# Healthy 1Q16 GDP growth seen in most Asean countries

Economic Update

# ASEAN Weekly Wrap

## Bank Indonesia maintains its benchmark interest rate unchanged

Although global economic outlook has been clouded by slower growth momentum among the major economies (China, US, Euro area and Japan) as well as falling commodity prices, the recent economic releases for 1Q16 GDP growth for the some Asean countries did not disappoint market expectations. In particular, economic growth expansion in Malaysia, Singapore, and Thailand surprised slightly on the upside. Malaysia's GDP growth sustained its healthy growth of 4.2% yoy in 1Q16, albeit slower than 4.5% in 4Q15, while the advance estimate for Singapore's GDP, released last month, also outperformed by expanding 1.8% yoy compared to market expectation of 1.7%.

This week's release also showed that Thailand's economic growth accelerated from 2.8% yoy in 4Q15 to 3.2% yoy in 1Q16, the fastest growth since 1Q13. Net export was the main contributor to growth, following a rebound in exports by +5.1% yoy (-3.3% in 4Q15), and a deeper contraction in import by 4.8% (-1.2% in 4Q15). However, domestic demand expanded at a more moderate pace of 3.9% yoy (4.8% in 4Q15), as private consumption growth slowed to 2.3% (2.6% in 4Q15) on lower disposable income for farmers following lower crop yield affected by El Nino dry weather.

On the other hand, Philippines' GDP rose by 6.9% yoy in 1Q16, in line with market expectation, while growth in 4Q15 was revised higher to 6.5%. The country's 1Q16 growth was the fastest in the region, outpacing China's 6.7% as well as Vietnam's 5.5%. Domestic demand remained the key driver of growth, where investment rose at a higher pace of 25.6% yoy (24.2% in 4Q15) supported by spending on durable equipment (36.6%) and construction (12%). Private consumption growth remained resilient at 7% (6.5% in 4Q15), driven by higher remittances from Filipinos abroad, while public consumption rose 9.9% yoy on higher election spending.

Separately, in Indonesia, exports growth fell for the 19th month, by 12.6% yoy in April, on lower exports of oil & gas (O&G) and non-O&G. Within the non-O&G category, exports of manufactured products fell by 5.8% yoy for the month, while mining exports fell 27.2%. However, as the country's import contraction deepened further to 14.6% yoy (-10.4% in March), April's trade balance widened to US$667m. Bank Indonesia decided to maintain its benchmark interest rate at 6.75% for the second straight month.

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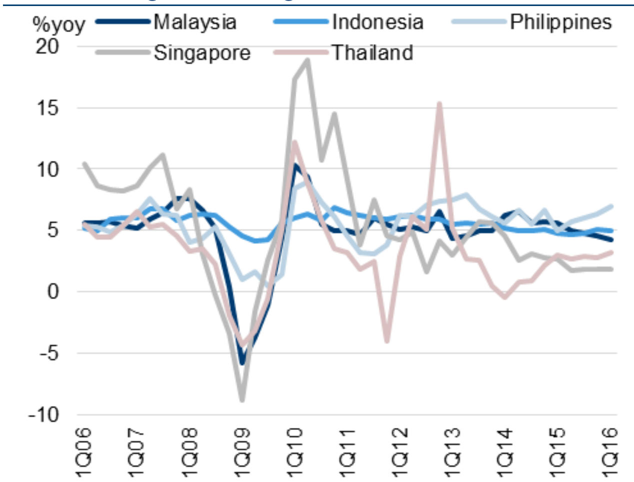
**Fig 1: ASEAN economic releases (13 May – 19 May 2016)**

| | AUG 2015 | SEP 2015 | OCT 2015 | NOV 2015 | DEC 2015 | JAN 2016 | FEB 2016 | MAR 2016 | APR 2016 | MAY 2016 | GENERAL CONSENSUS |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **INDONESIA** | | | | | | | | | | | |
| Exports (%yoy) | -12.1 | -17.6 | -20.7 | -18.0 | -17.5 | -20.9 | -7.1 | -13.4 | -12.6 | - | *-10.9* |
| Imports (%yoy) | -16.2 | -25.6 | -27.5 | -18.0 | -16.3 | -17.0 | -11.6 | -10.4 | -14.6 | - | *-8.7* |
| Trade balance (US$bn) | 0.3 | 1.0 | 1.0 | -0.4 | -0.2 | 0.0 | 1.1 | 0.5 | 0.7 | - | - |
| BI Reference Rate (%) | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 | 7.25 | 7.00 | 6.75 | 6.75 | 6.75 | *6.75* |
| **SINGAPORE** | | | | | | | | | | | |
| NODX (%yoy) | -9.8 | 2.1 | 0.0 | -3.4 | -7.2 | -10.1 | 2.0 | -15.7 | -7.9 | - | *-8.4* |
| **Real GDP (%yoy)** | **4Q13** | **1Q14** | **2Q14** | **3Q14** | **4Q14** | **1Q15** | **2Q15** | **3Q15** | **4Q15** | **1Q16** | **CONSENSUS** |
| **MALAYSIA** | 5.0 | 6.3 | 6.5 | 5.6 | 5.7 | 5.7 | 4.9 | 4.7 | 4.5 | 4.2 | 4.0 |
| **PHILIPPINES** | 6.1 | 5.6 | 6.8 | 5.7 | 6.7 | 5.0 | 5.9 | 6.2 | 6.5 | 6.9 | 6.9 |
| **THAILAND** | 0.5 | -0.5 | 0.8 | 0.9 | 2.1 | 3.0 | 2.7 | 2.9 | 2.8 | 3.2 | 2.8 |

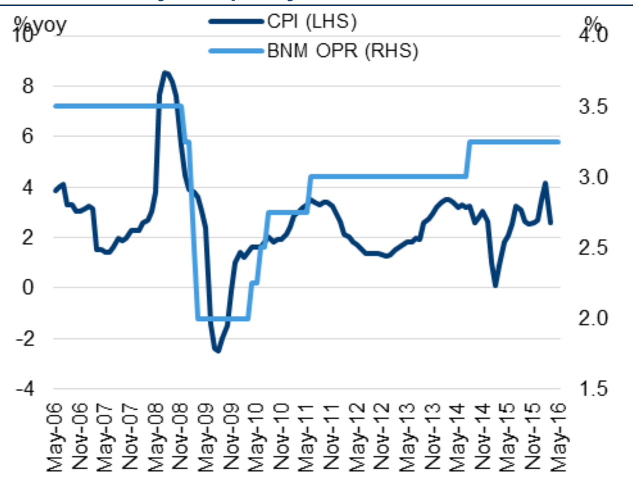
*Source: All data from CEIC, consensus from Bloomberg*

# Appendix I: ASEAN economic charts (13 May – 19 May 2016)

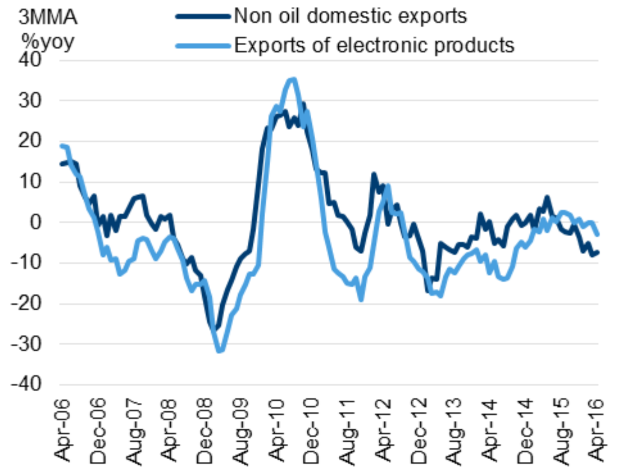
### Chart 1: Regional GDP growth



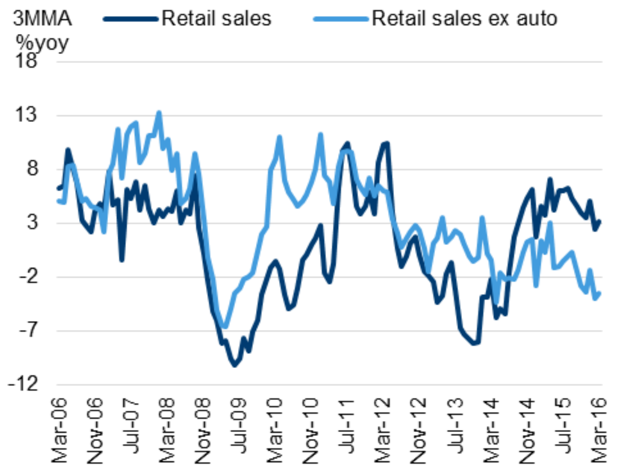

### Chart 2: Malaysia's policy rate



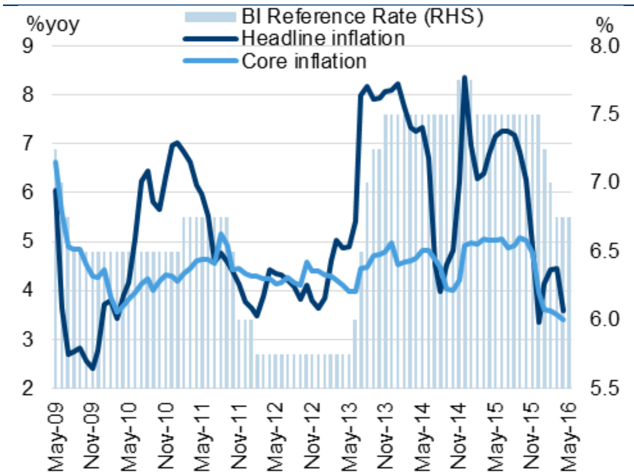

### Chart 3: Singapore's exports



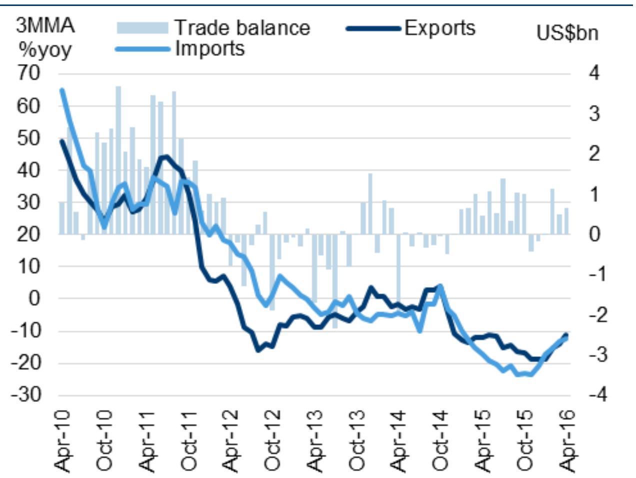

### Chart 4: Singapore's retail sales




### Chart 5: Indonesia's policy rate




### Chart 6: Indonesia's trade




*Source: All data for charts sourced from CEIC and Bloomberg*

## Appendix II: Upcoming ASEAN economic releases charts

**Chart 7: Singapore's inflation**

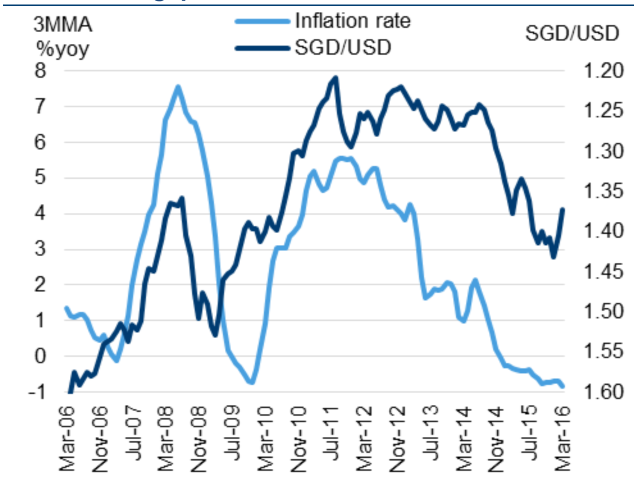



**Chart 8: Malaysia's inflation**

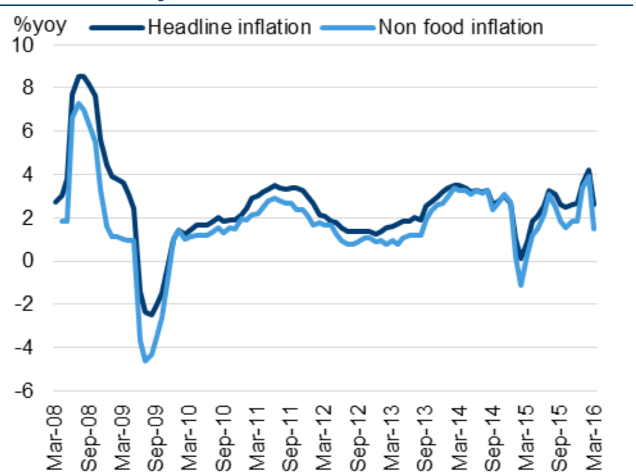



**Chart 9: Philippines' trade**

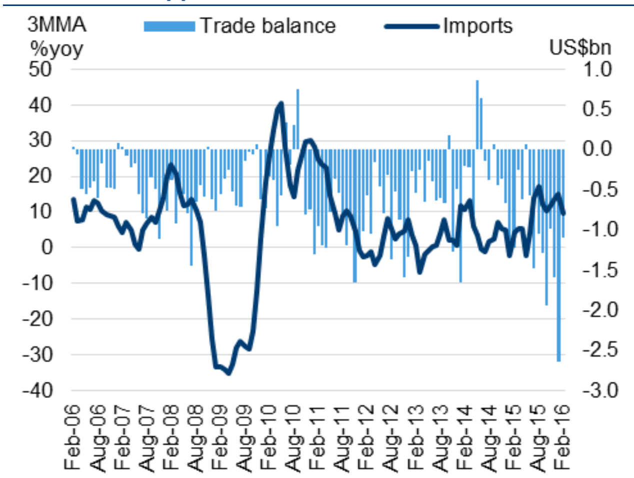



**Chart 10: Thailand's trade**

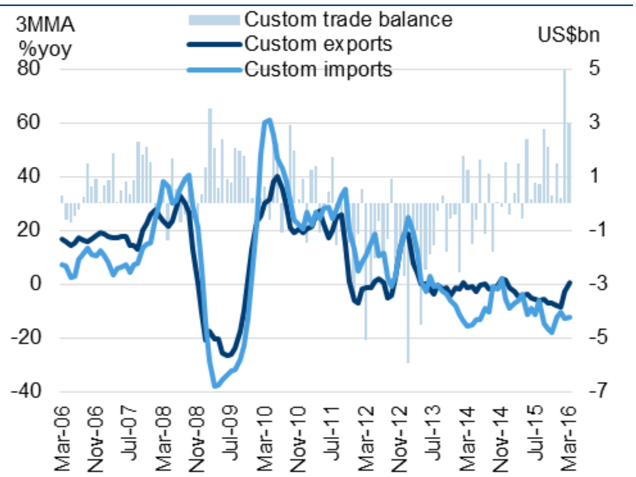



**Chart 11: Thailand's production**

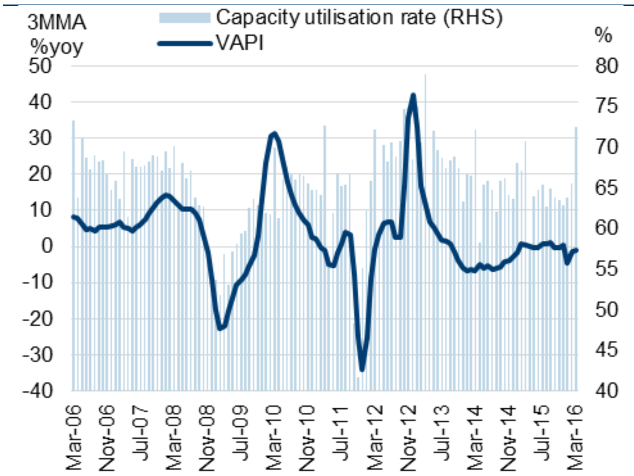
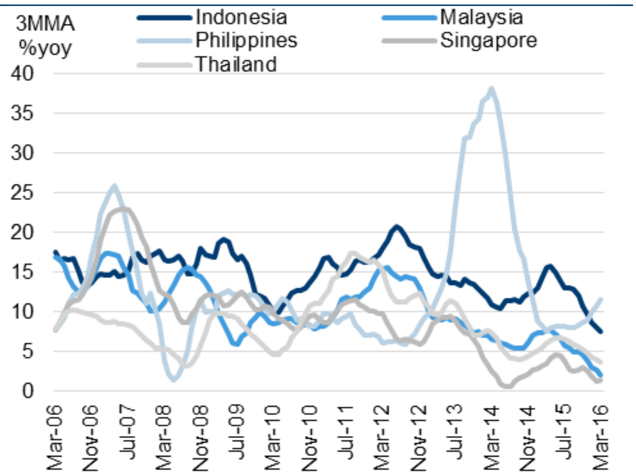



**Chart 12: Regional money supply**




*Source: All data for charts sourced from CEIC and Bloomberg*

## Appendix III: Monthly ASEAN economic data trend

| | MAY 2015 | JUN 2015 | JUL 2015 | AUG 2015 | SEP 2015 | OCT 2015 | NOV 2015 | DEC 2015 | JAN 2016 | FEB 2016 | MAR 2016 | APR 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MALAYSIA** | | | | | | | | | | | | |
| CPI (%yoy) | 2.1 | 2.5 | 3.3 | 3.1 | 2.6 | 2.5 | 2.6 | 2.7 | 3.5 | 4.2 | 2.6 | - |
| Core CPI (%yoy) | 1.5 | 2.1 | 3.1 | 2.5 | 1.8 | 1.6 | 1.8 | 1.8 | 3.3 | 3.9 | 1.5 | - |
| IPI (%yoy) | 4.5 | 4.4 | 6.1 | 2.3 | 5.1 | 4.2 | 1.9 | 2.7 | 3.3 | 3.9 | 2.8 | - |
| Exports (%yoy) | -6.6 | 5.0 | 3.5 | 4.1 | 8.8 | 16.7 | 6.3 | 1.4 | -2.8 | 6.7 | 0.2 | - |
| Imports (%yoy) | -7.1 | -1.5 | 5.9 | -6.1 | 9.6 | -0.4 | 9.1 | 2.7 | 3.3 | 1.6 | -5.5 | - |
| Trade balance (US$bn) | 1.5 | 2.1 | 0.6 | 2.5 | 2.2 | 2.9 | 2.4 | 1.9 | 1.2 | 1.8 | 2.8 | - |
| Foreign reserves (US$bn) | 106.4 | 105.5 | 96.7 | 94.7 | 93.3 | 94.0 | 94.6 | 95.3 | 95.5 | 95.6 | 97.0 | 97.0 |
| **INDONESIA** | | | | | | | | | | | | |
| CPI (%yoy) | 7.1 | 7.3 | 7.3 | 7.2 | 6.8 | 6.2 | 4.9 | 3.4 | 4.1 | 4.4 | 4.4 | 3.6 |
| Core CPI (%yoy) | 5.0 | 5.0 | 4.9 | 4.9 | 5.1 | 5.0 | 4.8 | 4.0 | 3.6 | 3.6 | 3.5 | 3.4 |
| IPI (%yoy) | 2.4 | 5.0 | 4.4 | 5.7 | 2.0 | 6.2 | 6.6 | 1.5 | 1.5 | 6.8 | 4.1 | - |
| Exports (%yoy) | -14.4 | -12.4 | -18.8 | -12.1 | -17.6 | -20.7 | -18.0 | -17.5 | -20.9 | -7.1 | -13.4 | -12.6 |
| Imports (%yoy) | -21.4 | -17.3 | -28.4 | -16.2 | -25.6 | -27.5 | -18.0 | -16.3 | -17.0 | -11.6 | -10.4 | -14.6 |
| Trade balance (US$bn) | 1.1 | 0.5 | 1.4 | 0.3 | 1.0 | 1.0 | -0.4 | -0.2 | 0.0 | 1.1 | 0.5 | 0.7 |
| Foreign reserves (US$bn) | 110.8 | 108.0 | 107.6 | 105.3 | 101.7 | 100.7 | 100.2 | 105.9 | 102.1 | 104.5 | 107.5 | 107.7 |
| **PHILIPPINES** | | | | | | | | | | | | |
| CPI (%yoy) | 1.6 | 1.2 | 0.8 | 0.6 | 0.4 | 0.4 | 1.1 | 1.5 | 1.3 | 0.9 | 1.1 | - |
| Core CPI (%yoy) | 2.2 | 2.0 | 1.9 | 1.6 | 1.4 | 1.5 | 1.8 | 2.1 | 1.8 | 1.5 | 1.5 | - |
| IPI (%yoy) | -8.0 | -7.9 | -6.6 | -5.8 | -5.4 | -6.3 | -2.2 | -3.1 | 25.8 | 5.6 | 1.9 | - |
| Exports (%yoy) | -17.4 | -1.8 | -1.8 | -6.3 | -15.5 | -10.8 | -1.1 | -3.0 | -3.9 | -4.5 | -15.1 | - |
| Imports (%yoy) | -13.4 | 22.6 | 23.0 | 5.7 | 8.2 | 16.9 | 10.1 | -25.8 | 20.5 | -5.6 | - | - |
| Trade balance (US$bn) | 0.5 | -0.6 | -1.5 | -1.0 | -1.3 | -1.9 | -1.0 | 0.6 | -2.6 | -1.1 | - | - |
| Foreign reserves (US$bn) | 80.4 | 80.6 | 80.3 | 80.2 | 80.5 | 81.1 | 80.2 | 80.7 | 80.7 | 81.9 | 83.0 | 83.5 |
| **SINGAPORE** | | | | | | | | | | | | |
| CPI (%yoy) | -0.4 | -0.3 | -0.4 | -0.8 | -0.6 | -0.8 | -0.8 | -0.6 | -0.6 | -0.8 | -1.0 | - |
| IPI (%yoy) | -1.2 | -2.7 | -6.1 | -4.7 | -6.3 | -3.3 | -2.8 | -11.9 | 0.1 | -3.8 | -0.5 | - |
| Non oil domestic exports (%yoy) | -0.7 | 3.4 | 1.4 | -9.8 | 2.1 | 0.0 | -3.4 | -7.2 | -10.1 | 2.0 | -15.7 | -7.9 |
| Electronic exports | -2.8 | 7.6 | 2.5 | -2.7 | 5.7 | -3.2 | 0.6 | -0.3 | -0.6 | 0.7 | -9.1 | -7.4 |
| Imports (%yoy) | -19.6 | -4.5 | -9.2 | -6.9 | -11.0 | -12.7 | -5.8 | -10.6 | -13.7 | 2.2 | -9.0 | -12.0 |
| Trade balance (US$bn) | 4.6 | 3.2 | 4.1 | 2.9 | 3.9 | 5.3 | 3.5 | 3.7 | 4.2 | 1.9 | 3.6 | 4.6 |
| Foreign reserves (US$bn) | 250.2 | 253.3 | 250.1 | 250.4 | 251.6 | 249.8 | 247.1 | 247.7 | 244.9 | 244.0 | 246.2 | 250.4 |
| **THAILAND** | | | | | | | | | | | | |
| CPI (%yoy) | -1.3 | -1.1 | -1.0 | -1.2 | -1.1 | -0.8 | -1.0 | -0.9 | -0.5 | -0.5 | -0.5 | -0.5 |
| Core CPI (%yoy) | 0.9 | 0.9 | 0.9 | 0.9 | 1.0 | 1.0 | 0.9 | 0.7 | 0.6 | 0.7 | 0.7 | 0.7 |
| IPI (%yoy) | -0.1 | -0.6 | 2.7 | 0.5 | -0.3 | -0.8 | 0.3 | 1.4 | -3.5 | -1.7 | 1.8 | - |
| Exports (%yoy) | -5.0 | -7.9 | -3.6 | -6.7 | -5.5 | -8.1 | -7.4 | -8.7 | -8.9 | 10.3 | 1.3 | - |
| Imports (%yoy) | -20.0 | -0.3 | -12.7 | -4.8 | -26.2 | -18.2 | -9.5 | -9.2 | -12.4 | -16.8 | -6.9 | - |
| Trade balance (US$bn) | 2.4 | 0.2 | 0.8 | 0.7 | 2.8 | 2.1 | 0.3 | 1.5 | 0.2 | 5.0 | 3.0 | - |
| Foreign reserves (US$bn) | 158.5 | 160.3 | 156.9 | 155.8 | 155.5 | 158.3 | 155.7 | 156.5 | 160.1 | 168.0 | 175.1 | 178.6 |
| **REAL GDP (%yoy)** | **2Q13** | **3Q13** | **4Q13** | **1Q14** | **2Q14** | **3Q14** | **4Q14** | **1Q15** | **2Q15** | **3Q15** | **4Q15** | **1Q16** |
| MALAYSIA | 4.6 | 4.9 | 5.0 | 6.3 | 6.5 | 5.6 | 5.7 | 5.6 | 4.9 | 4.7 | 4.5 | 4.2 |
| INDONESIA | 5.6 | 5.5 | 5.6 | 5.1 | 5.0 | 5.0 | 5.0 | 4.7 | 4.7 | 4.7 | 5.0 | 4.9 |
| PHILIPPINES | 7.9 | 6.8 | 6.1 | 5.6 | 6.7 | 5.5 | 6.6 | 5.0 | 5.8 | 6.1 | 6.3 | 6.9 |
| SINGAPORE | 4.4 | 5.7 | 5.6 | 4.6 | 2.6 | 3.1 | 2.8 | 2.7 | 1.7 | 1.8 | 1.8 | 1.8 |
| THAILAND | 2.6 | 2.5 | 0.5 | -0.5 | 0.8 | 0.9 | 2.1 | 3.0 | 2.7 | 2.9 | 2.8 | 3.2 |

*Source: Bloomberg, CEIC*

## Appendix IV: ASEAN Economic Calendar for May 2016

May 2016

| Monday | | Tuesday | | Wednesday | | Thursday | | Friday | |
|---|---|---|---|---|---|---|---|---|---|
| | 2 | | 3 | | 4 | | 5 | | 6 |
| TH | Apr. CPI | MY | Apr. Nikkei PMI | TH | Apr. 29 Reserves | SG | Apr. Nikkei PMI | MY | Mar. Trade |
| IS | Apr. Nikkei PMI | TH | Apr. Consumer confidence | ID | 1Q16 GDP | PH | Apr. CPI | MY | Apr.29 Reserves |
| ID | Apr. CPI | | | | | | | PH | Apr. Reserves |
| ID | Apr. Consumer confidence | | | | | | | | |
| | 9 | | 10 | | 11 | | 12 | | 13 |
| SG | Apr. Reserves | ID | Apr. reserves | TH | MPC Meeting | TH | Apr. Consumer confidence | TH | May 4 Reserves |
| | | | | PH | Mar. Exports | | | MY | 1Q16 GDP |
| | | | | | | MY | Apr. IPI | SG | Mar. Retail sales |
| | | | | | | MY | Apr. Manufacturing sales | | |
| | | | | | | PH | MPC Meeting | | |
| | 16 | | 17 | | 18 | | 19 | | 20 |
| TH | 1Q16 GDP | SG | Apr. NODX | | | TH | May 13 Reserves | MY | May 13 Reserves |
| ID | Apr. Trade | | | | | MY | MPC Meeting | MY | Apr. CPI |
| | | | | | | ID | MPC Meeting | | |
| | | | | | | SG | 1Q16 GDP | | |
| | | | | | | PH | 1Q16 GDP | | |
| | 23 | | 24 | | 25 | | 26 | | 27 |
| SG | Apr. CPI | TH | Apr. Custom trade | PH | Mar. Trade | ID | Apr. Money supply | TH | May 19 Reserves |
| | | | | | | SG | Apr. Money supply | | |
| | | | | | | SG | Apr. IPI | | |
| | 30 | | 31 | | | | | | |
| TH | Apr. Manufacturing production | MY | Apr. Money supply | | | | | | |
| | | PH | Apr. Money supply | | | | | | |
| TH | Apr. Capacity utilization | | | | | | | | |

*ID=Indonesia, MY=Malaysia, PH=Philippines, SG=Singapore, TH=Thailand*
*Dates for indicators are subject to change*
*Source: Bloomberg*

**Equity Rating Structure and Definitions**

| | |
|---|---|
| **BUY** | Total return is expected to exceed +10% over a 12-month period |
| **HOLD** | Total return is expected to be between -5% and +10% over a 12-month period |
| **SELL** | Total return is expected to be below -5% over a 12-month period |
| **NOT RATED** | Affin Hwang Investment Bank Berhad does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation |

*The total expected return is defined as the percentage upside/downside to our target price plus the net dividend yield over the next 12 months.*

| | |
|---|---|
| **OVERWEIGHT** | Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months |
| **NEUTRAL** | Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months |
| **UNDERWEIGHT** | Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months |



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